

## Title I, Part A Purchases: Inventory Management and Labeling

One responsibility of the local education agency (LEA) is the creation and maintenance of financial management systems which align and comply with federal systems management requirements. LEAs receiving Title I, Part A funds should maintain an up-to-date inventory of equipment, supplies, and pilferable items purchased with those funds. This applies to items purchased for the LEA as well as participating non-public schools. In addition to being accountable for all funds, property, and other assets, the LEA must assure that assets are used only for authorized purposes. These practices apply to both schoolwide programs and targeted assistance programs.

### Purposes of Inventory Management

- Prevents loss, damage, and theft of equipment
- Discourages unauthorized use of equipment
- Assists LEAs in determining if there is a need to purchase additional equipment or supplies
- Compliance with [2 C.F.R. Part 200.313](#) and [2 C.F.R. Part 200.439](#)

### Inventory Terminology

- Equipment
  - Can be found in Section [2 C.F.R. Part 200.33](#)
  - Equipment is nonexpendable, tangible personal property which has a useful life of more than one year.
  - The [acquisition cost](#) (the cost of the asset including the cost to ready the asset for its intended use) of equipment is equal to or exceeds \$5,000 per unit.
  - Information technology systems are considered equipment.
- Supplies
  - Can be found in Section [2 C.F.R. Part 200.94](#)
  - Supplies are also tangible personal property, but they are typically considered consumable items. Supplies have a much shorter life than equipment.
  - Supplies are not required to be included in the inventory management system, however procedures for recording, labeling, and locating property purchased with federal funds (including supplies) serves as documentation that all costs are reasonable, necessary, and allocable.
- Pilferable Items
  - An item is pilferable (sometimes called walkable) if it may be easily lost or stolen. Pilferable items such as cameras, graphing calculators, and tablets have a useful life of more than one year, just like equipment and should be inventoried in a similar manner.

### How to Create an Inventory Management System

The LEA should develop a procedure for entering information into the inventory management system to provide adequate controls for the location of equipment, custody of equipment, and security of equipment. An LEA may manage inventory through a spreadsheet or opt to use one of the many types of inventory software available. Although a physical inventory is only required every two years, a hardcopy of inventory

should remain current in the event of an audit by either the Kentucky Department of Education (KDE) or United States Department of Education (ED). The Title I Coordinator and principal at a Title I school are responsible for the maintenance of equipment purchased with Title I funds for that school. A copy of the inventory should be kept at both the Title I school and the district Title I office. The following information must be included in inventory records:

- A **description** of the equipment (the type and model)
- A **serial number**, identification number, or model number
- **Funding source, Federal Award Identification Number (FAIN), and percentage (who holds title)** under which the equipment was acquired.
  - For the purpose of this document, the funding source is **Title I, Part A. The grant award year** should also be included.
- **Vendor**
- **Acquisition date** (delivery date)
- Unit **cost** (*not* total cost)
- **Location** (school and location within the school [library, classroom 200, etc.])
- **Use** of the equipment (Title I classroom, Title I afterschool program, Title I administration)
- The **condition** of the equipment (new, good, fair, poor)
- The **date** the information was reported on the inventory
- Information regarding the transfer, replacement, or disposition of equipment (date of disposal, sale price of equipment)

Maintaining this information helps provide control over the assets purchased with Title I, Part A funds as well as accountability that all purchases are being used appropriately. The following chart is a sample inventory template:

Today's Date	Description of Item	Serial Number	Funding Source	Vendor	Acquisition Date	Unit Cost	School	Location	Use	Condition	Disposition/Comments
3/31/2017	TI-84 Graphing Calculator	84PL/TBL/1L1	Title I	Jones Office Supplies	4/4/2017	\$55	Maple HS	Room 100	Title I Classroom, Math	New	

The inventory should be reconciled on a regular basis to update information, particularly the location and condition of items.

### [Disposition of Equipment and Supplies](#)

[2 C.F.R Part 200.313\(e\)](#) details the disposal of original or replacement equipment acquired under a Federal award which is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

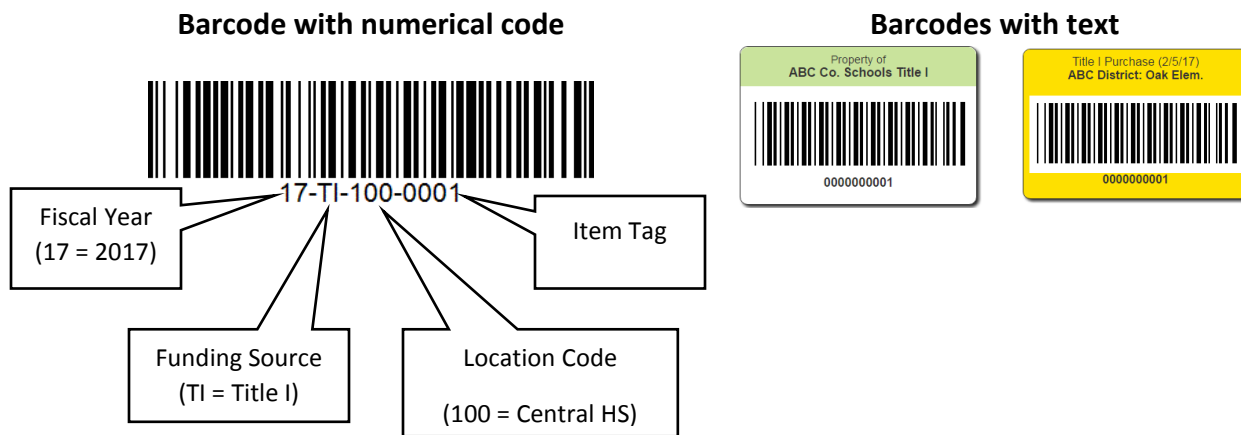
### [Tagging or Labeling Title I Purchases](#)

The second part of a successful inventory management system is properly tagging the purchases made with Title I funds. Purchases made with federal funds are required to be tagged in a manner that allows them to be quickly identified as property of a federal program. Labels should be permanent in nature. Examples of permanent labeling include using label makers or permanent markers. Equipment purchased with Title I funds must be labeled with the following information:

- District name
- Identify that the purchase was made with Title I funds (i.e. Purchased with Title I Funds/Property of Title I Program)

The district may require additional information on labels at its discretion. Some districts opt to include information such as the school, fiscal year of purchase, serial number, etc. While it is not required, it is highly recommended that the district include the date of purchase and the LEA entity (the specific school or district office) for which the item was purchased to aid with archiving inventory items.

Many districts use a barcode system linked to the inventory for all purchases made by the school or district, regardless of the funding source. While Title I purchases may be included in such a system it is important to remember that items purchased with federal funds should be tagged in a manner that allows for *quick identification*, see the examples below.



The barcode on the left represents a numerical code created by the district which includes pertinent data on the inventory item such as fiscal year, funding source, location code, and item number. This method of tagging requires all district employees be familiar with all aspects of the code (such as the code for each school), as opposed to the barcodes on the right which include the information in text form.

### What to Label

All equipment *must* be labeled. Supplies such as pencils, folders, paper, etc. do not need to be labeled. Although it is not required to label pilferable supplies, it is highly recommended. If you are unsure if an item should be labeled, you can contact a KDE consultant for further guidance. Some guiding statements regarding the tagging of Title I purchases are listed below:

	LABEL	NO LABEL
It will last longer than one year.	✓	
If damaged this item would be repaired.	✓	
This item could be easily lost or stolen.	✓	
The cost was at least \$5,000	✓	
Although this item cost less than \$5,000 it is still considered valuable.	✓	
This item is consumable, it cannot be reused.		✓

## Inventory Maintenance in a Targeted Assistance or Non-Public School

In Targeted Assistance Schools (TAS) or non-public schools, Title I funds can only be used only by Title I students. Items purchased at these schools are subject to the same requirements (inventory, labeling, and disposition procedures) as items purchased for a schoolwide program. Equipment and supplies purchased for TAS and non-public schools should be stored in a location such as the Title I room or other location (such as a cabinet designated for Title I supplies) which denotes they are to be used only by Title I students.

## Equipment Use and Disposition in a Participating Non-Public School

Section 1117(d)(1) of the Every Student Succeeds Act requires that the control of Title I funds, and the ownership of the materials and equipment purchased with Title I funds for non-public schools shall be in the LEA, and the LEA shall administer the funds, materials, equipment, and property. The LEA, rather than the non-public school, shall be responsible for the following:

- Implementing adequate procedures and internal controls to account for the location, custody, and security of materials, equipment and property purchased with Title I funds for non-public school use including:
  - Adequate safeguards related to the loss, damage, or theft of the equipment. Any loss, damage, or theft should be investigated and fully documented.
  - Adequate maintenance procedures to keep equipment in good condition.
- Completing requisition forms for ordering materials and/or equipment.
- Having materials and/or equipment delivered to the LEA and signing for the delivery.
- Maintaining an inventory of all materials, equipment, and property purchased with Title I funds for private schools. The inventory shall contain the same requirements for any equipment purchased with Title I, Part A funds.
- Labeling materials and equipment as Title I to include the fiscal year of purchase and property of the LEA.
- Delivering the purchases to the non-public school.
- Storing materials and equipment in a secure location when not in use.

Title I purchases made for non-public schools should be returned to the LEA when they are no longer needed at the non-public school. The LEA should follow the same disposition plan for materials and equipment purchased for non-public schools as with any materials or equipment purchased with Title I funds in a public school.